

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

PATRICIA B. ROCKLAGE, WILLIAM M.
BEAVER and DAVID G. JONES,

Defendants.

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: CIVIL ACTION
: NO. 05-CV-10074-MEL
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THE SEC'S UNOPPOSED MOTION TO APPOINT A TAX ADMINISTRATOR

The Securities and Exchange Commission ("SEC" or "Commission") respectfully requests that the Court enter an Order appointing Damasco & Associates, a certified public accounting firm located in San Francisco, California, as Tax Administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, with respect to funds under this Court's jurisdiction in this case. Counsel for the Defendants have indicated that they do not oppose this motion.

By order dated August 29, 2007, the Court entered Final Judgment as to Defendant Patricia B. Rocklage ("Rocklage") pursuant to Fed. R. Civ. P. 54(b). Pursuant to the Final Judgment, on or about September 14, 2007, Defendant Rocklage paid a total amount of \$350,313 in disgorgement, prejudgment interest, and penalties to the Clerk of this Court.

By order dated August 30, 2007, the Court entered Final Judgment as to Defendant William M. Beaver ("Beaver") pursuant to Rule 54(b). Pursuant to the Final Judgment, on or about September 14, 2007, Defendant Beaver paid a total amount of \$250,313 in disgorgement, prejudgment interest, and penalties to the Clerk of this Court.

By order dated August 30, 2007, the Court entered Final Judgment as to Defendant David G. Jones (“Jones”) pursuant to Rule 54(b). Pursuant to the Final Judgment, on or about September 14, 2007, Defendant Jones paid a total amount of \$183,313 in disgorgement, prejudgment interest, and penalties to the Clerk of this Court.

The payments referred to above comprise the “Distribution Fund” in this matter. The Distribution Fund has been deposited in an interest-bearing account, account number 1:05-cv-10074, under the case name designation “SEC v. Patricia B. Rocklage et al.”

The Distribution Fund constitutes a Qualified Settlement Fund (QSF) under section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. A Tax Administrator, on behalf of the Distribution Fund, should be appointed and authorized to take all necessary steps to enable the Distribution Fund to obtain and maintain the status of a taxable QSF, including the filing of all required elections and statements contemplated by those provisions. The Tax Administrator would cause the Distribution Fund to pay taxes in a manner consistent with treatment of the Distribution Fund as a QSF. The reasonable costs, fees, and other expenses incurred in the performance of the Tax Administrator’s duties would be paid by the Distribution Fund in accordance with the agreement between the Commission and the Tax Administrator.

In summary, this agreement provides for compensation for services and expenses as follows:

SERVICE	FIXED FEE
Income tax returns, including items 1-6 (below).	\$1675
Income tax returns, including items 1-6 (below), for funds with assets of \$120,000 or less or are open and closed within the same	\$850

SERVICE	FIXED FEE
year.	
Loss Carryback (claim for refund) returns.	\$550

Fixed fee tax compliance services include:¹

1. Obtain a federal tax identification number ("FEIN") for the QSF.
2. Prepare and file federal and state income tax returns, as required.
3. Where required, calculate quarterly estimated tax payments and provide information to the Court so that payments may be made timely.
4. Make arrangements with the SEC or its agents to pay tax liability.
5. Calculate and recommend retention of a reserve, if necessary, for penalties and interest to be assessed as a result of any late filing of tax returns and late payment of taxes.
6. Determine and comply with tax reporting obligations of the QSF relating to distributions or payments to vendors, if applicable.


¹ These fixed fees include all copying and routine postage expenses. They also include any internal expenses of the Tax Administrator in performing these services, such as facsimile fees and telephone charges. Expenses that are not included are expedited delivery fees (such as Federal Express) and other extraordinary costs, such as extended telephone conferences and reports. Additional tax compliance services and services for the administration of the QSF would be provided at the Commission's request and billed at the Tax Administrator's current rates discounted by 20%.

WHEREFORE, for all the foregoing reasons, the Commission respectfully requests that this Court enter the attached Proposed Order and grant such other relief as the Court deems just and proper.

Respectfully submitted,

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION**

By its attorneys,



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Dated: November 6, 2007

CERTIFICATE OF SERVICE

I certify that on November 6, 2007, I caused a copy of the foregoing to be served upon the following counsel electronically through the ECF system:

David H. Erichsen, Esq.
Wilmer Hale LLP
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from the Distribution Fund. The Tax Administrator shall contemporaneously provide copies of all such filings to the Commission's counsel of record.

3. The Tax Administrator shall, at such times as the Tax Administrator deems necessary to fulfill the tax obligations of the Distribution Fund, request that the Commission's counsel of record file with the Court a motion, supported by the Tax Administrator's declaration of the amount of taxes due, to transfer funds from the Distribution Fund on deposit with the Court to pay any tax obligations of the Distribution Fund.

4. The Tax Administrator shall be entitled to charge reasonable fees for tax compliance services and related expenses in accordance with its agreement with the Commission. The Tax Administrator shall, at such times as the Tax Administrator deems appropriate, submit a declaration of fees and expenses to the Commission's counsel of record for submission to the Court for approval and for payment from the Distribution Fund. No fees or expenses may be paid absent the Court's prior approval.

5. At least ten (10) days before any motion to pay fees and expenses is filed with the Court, the Tax Administrator shall provide the Commission counsel of record with a draft of the supporting declaration for review. If the Commission has any corrections or objections to the declaration, the Tax Administrator and the Commission's counsel shall attempt to resolve them on a consensual basis. If a consensual resolution is not reached, the Commission may submit with the motion any objections along with the Tax Administrator's response thereto.

Dated: _____

UNITED STATES DISTRICT JUDGE